

Coram Healthcare
Appendix 1:
Comparable Market Analysis - Selection of Comparables

| | Charlin 7/00 July 31, 2000 | Charlin 12/00 December 4, 2000 | UBS 12/00 December 11, 2000 | D&T 12/00 December 14, 2000 | Goldin 7/00 July 31, 2000 | Goldin 12/00 December 14, 2000 | Goldin 6/01 June 15, 2001 | Goldin 8/01 August 31, 2001 |
|---|-------------------------------|-----------------------------------|--------------------------------|--------------------------------|------------------------------|-----------------------------------|------------------------------|--------------------------------|
| Apria Healthcare Group | X | X | | X | X | X | X | X |
| American Home Patient | | | X | X | X | X | X | X |
| Gentiva Health Services In Home Health | X | X | X | X | X | X | X | X |
| Uncare Holdings, Inc. | X | X | | | | | | |
| Option Care, Inc. | X | X | X | X | X | X | X | X |
| Pediatric Services, Inc. | | | X | | | | | |
| US Oncology, Inc. | | | X | | | | | |

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Appendix 2

Comparable Market Analysis- Consideration of Comparables

| Criteria: | | | |
|--------------------------------------|--|----------------|--|
| Business Line | Services must include performance of infusion at patients' home | | |
| Sales | Must exceed \$50 million and/or exceed 10% of company's sales | | |
| Industry | Home Health Care, SIC 8082 | | |
| Structure | Must be publicly traded company and can not be a subsidiary | | |
| Solvency | Can not be in bankruptcy | | |
| Location | Majority of sales in USA and services to more than a regional area | | |
| Company Name | Net Sales \$ millions | Comp? Y / N | Details / Comments |
| Almost Family, Inc. | 44.7 | N | Basic business is day-care for elderly Discontinued its visiting nurses service, and sold infusion business Regional (8 states) |
| Amedisys, Inc. | 90.8 | N | Regional (South & Southeast) Home infusion is not a material part of revenue Provides various medical services to prisons Home infusion is not a material part of revenue |
| America Service Group, Inc. | 381.9 | N | Subsidiary of MMM Corp. 19% of Revenues from home infusion |
| American Disease Mgmt. Assoc, LLC | Not Public | N | 19% of Revenues from home infusion |
| American HomePatient, Inc. | 363.4 | Y | Home Healthcare is regional (Northeast) |
| Apria Healthcare Group Inc. | 1,014.2 | Y | 50% of sales through its Foto-Rooter subsidiary |
| Chemed Corporation/Patient Care Inc. | 500.7 | N | Home infusion is not a material part of revenue Subsidiary of Landauer Hospital Supplies, Inc. |
| Community Care Services, Inc. | Not Public | N | Provides various healthcare services Regional (Florida) |
| Continue Care Corp. | 116.6 | N | Home infusion is not a material part of revenue |
| Dynacq Int'l, Inc. | 26.0 | N | Too small |
| EMSA Government Services, Inc. | Not Public | N | Subsidiary of American Service Group |
| Geniva Health Services, Inc. | 1,506.6 | Y | Home infusion ("Specialty Pharmaceutical Services") 50% of sales Nationwide |
| Girling Health Care Inc. | Not Public | N | Not in Home Health Care SIC 8082 |
| Home Health Corp. of America, Inc. | 174.3 | N | Has filed for chapter 11 bankruptcy protection |
| Hommedco Group | Not Public | N | Subsidiary of Apria Healthcare |
| Housedell Medical Services | Not Public | N | Subsidiary of Adventist Health System |
| In Home Health, Inc. | 80.0 | N | Subsidiary of Manor Care, Inc. |
| Infusioncare Solutions, Inc. | Not Public | N | Subsidiary of Amedisys, Inc. |
| Infu-Tech, Inc. | 18.7 | N | Too small |
| Integrated Health Services | 2,559.3 | N | Has filed for chapter 11 bankruptcy protection |
| Interwest Home Medical, Inc. | 43.3 | N | Subsidiary of Praxair |
| Landauer Hospital Supplies Inc. | 47.2 | N | Too small |
| Lincare Holdings Inc. | 702.5 | N | Manufactures and markets dosimeters (radiation detection badges) Primary business is oxygen and respiratory home treatment Home infusion is not a material part of revenue |

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Appendix 2

Comparable Market Analysis- Consideration of Comparables

| | | | |
|---|------------|---|--|
| Manor Care | 2,360.6 | N | Mostly "assisted living services" and nursing homes |
| Matria Healthcare, Inc. | 225.8 | N | Specializes in services and supplies to diabetics |
| MIM Corp. | 369.8 | N | Home infusion is not a material part of revenue |
| National HealthCare Corp. | 462.4 | N | Negotiates discounts on pharmacy discounts for its group members |
| National Home Health Care Corp. | 55.6 | N | Manages Long Term Healthcare Centers |
| New York Health Care, Inc. | 29.4 | N | Regional (Southeast) |
| NUMED Home Health Care, Inc. | 17.1 | N | Home care for physical therapy, mental therapy and geriatrics |
| Option Care, Inc. | 141.3 | Y | Regional (Northeast) |
| Pediatric Services of America, Inc. | 186.4 | N | Too small |
| Precision Health Systems LLC | Not Public | N | Too small |
| Ro Tech Medical | Not Public | N | Infusion therapies and services is 64% of sales |
| Star Multi Care Services, Inc. | 39.2 | N | Services over 30 states |
| Sunbelt Home Health Services | Not Public | N | Focuses on nursing and respiratory therapy |
| Tender Loving Care Health Care Services, Inc. | 255.7 | N | Not in Home Health Care SIC 8082 |
| Transworld Healthcare, Inc. | 135.4 | N | Subsidiary of Integrated Health Services |
| United Medical Inc. | Not Public | N | Too small |
| US Oncology | 1,324.2 | N | Not in Home Health Care SIC 8082 |
| | | N | Home infusion is not a material part of revenue |
| | | N | Over 2/3rd of sales in UK |
| | | N | US services are regional (New York and New Jersey) |
| | | N | Services include delivery of continence and wound-care products |
| | | N | Subsidiary of Lincare Holdings |
| | | N | Focus on Oncology |
| | | N | Home infusion is not a material part of revenue |

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Appendix 3
Comparable Market Analysis - Calculation of Multiples

| | Charlin 7/00 July 31, 2000 | Charlin 12/00 December 4, 2000 | UBS 12/00 December 11, 2000 | DBT 12/00 December 14, 2000 | Goldin 7/00 July 31, 2000 | Goldin 12/00 December 14, 2000 | Goldin 6/01 June 15, 2001 | Goldin 8/01 August 31, 2001 |
|----------------------------------|-------------------------------|-----------------------------------|--------------------------------|--------------------------------|------------------------------|-----------------------------------|------------------------------|--------------------------------|
| <u>Ardia Healthcare Group</u> | | | | | | | | |
| Revenue | 982,452 | | | 998,203 | 982,452 | 998,203 | 1,034,833 | 1,065,743 |
| EBITDA | 220,275 | | | 239,702 | 220,275 | 239,702 | 251,497 | 252,361 |
| EBITDA - Capital expenditures | 211,981 | | | | | | | |
| Market capitalization | 687,123 | | | 1,346,144 | 687,123 | 1,346,144 | 1,459,747 | 1,460,285 |
| Debt | 378,975 | | | 322,989 | 378,975 | 322,989 | 322,794 | 320,716 |
| Enterprise value | 1,046,098 | | | 1,669,133 | 1,046,098 | 1,669,133 | 1,782,541 | 1,781,001 |
| Equity percent | 64% | | | 81% | 64% | 81% | 81% | 82% |
| Debt percent | 36% | | | 19% | 36% | 19% | 19% | 16% |
| Multiple | | | | | | | | |
| EV/Revenue | 1.09 | 1.42 | | 1.67 | 1.09 | 1.67 | 1.73 | 1.67 |
| EV/EBITDA | 4.75 | 5.95 | | 6.98 | 4.75 | 6.98 | 7.13 | 7.05 |
| EV/EBITDA - Capital expenditures | 4.94 | 6.26 | | | | | | |
| <u>American Home Patient</u> | | | | | | | | |
| Revenue | | | | 357,135 | 354,950 | 358,832 | 364,404 | 361,501 |
| EBITDA | | | | 28,009 | 27,886 | 28,256 | 28,430 | 28,197 |
| EBITDA - Capital expenditures | | | | | | | | |
| Market capitalization | | | | 2,325 | 5,504 | 2,168 | 6,123 | 26,124 |
| Debt | | | | 286,417 | 122,407 | 145,341 | 239,255 | 233,350 |
| Enterprise value | | | | 288,742 | 128,011 | 147,507 | 245,376 | 259,474 |
| Equity percent | | | | 1% | 4% | 1% | 2% | 10% |
| Debt percent | | | | 99% | 96% | 99% | 98% | 80% |
| Multiple | | | | | | | | |
| EV/Revenue | | | | 0.81 | 0.36 | 0.41 | 0.67 | 0.72 |
| EV/EBITDA | | | | 10.31 | 4.52 | 5.22 | 6.63 | 9.20 |

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|----------------------------------|-------------------------------|-----------------------------------|--------------------------------|--------------------------------|------------------------------|-----------------------------------|------------------------------|--------------------------------|
| <u>Gentiva Health Services</u> | | | | | | | | |
| Revenue | 1,506,269 | | 1,415,400 | 1,519,979 | 1,506,269 | 1,415,400 | 1,479,215 | 1,431,389 |
| EBITDA | 48,912 | | 48,900 | (90,421) | 48,912 | | 86,509 | 85,340 |
| EV/EBITDA - Capital expenditures | 33.008 | | | | | | | |
| Market capitalization | 171,644 | | 312,009 | 267,433 | 171,644 | 267,433 | 398,720 | 450,626 |
| Debt | 119,691 | | | 92,584 | 119,691 | 92,584 | 20,000 | 19,400 |
| Enterprise value | 291,335 | | 312,009 | 360,017 | 291,335 | 360,017 | 416,720 | 470,026 |
| Equity percent | 59% | | 100% | 74% | 59% | 74% | 95% | 96% |
| Debt percent | 41% | | 0% | 26% | 41% | 26% | 5% | 4% |
| Multiple | | | | | | | | |
| EV/Revenue | 0.19 | 0.25 | 0.22 | 0.24 | 0.19 | 0.25 | 0.28 | 0.33 |
| EV/EBITDA | 5.96 | 6.15 | 6.25 | | 5.96 | 7.21 | 4.71 | 5.51 |
| EV/EBITDA - Capital expenditures | 6.83 | 7.46 | | | | | | |
| <u>In Home Health</u> | | | | | | | | |
| Revenue | | | 91,530 | | | | | |
| EBITDA | | | 4,406 | | | | | |
| EV/EBITDA - Capital expenditures | | | | | | | | |
| Market capitalization | | | 20,769 | | | | | |
| Debt | | | 1,235 | | | | | |
| Enterprise value | | | 22,004 | | | | | |
| Equity percent | | | 94% | | | | | |
| Debt percent | | | 6% | | | | | |
| Multiple | | | | | | | | |
| EV/Revenue | | | 0.24 | | | | | |
| EV/EBITDA | | | 4.99 | | | | | |
| EV/EBITDA - Capital expenditures | | | | | | | | |

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| | Charrin 7/00 July 31, 2000 | Charrin 12/00 December 4, 2000 | UBS 12/00 December 11, 2000 | D&T 12/00 December 14, 2000 | Goldin 7/00 July 31, 2000 | Goldin 12/00 December 14, 2000 | Goldin 6/01 June 15, 2001 | Goldin 8/01 August 31, 2001 |
|----------------------------------|-------------------------------|-----------------------------------|--------------------------------|--------------------------------|------------------------------|-----------------------------------|------------------------------|--------------------------------|
| Lincara Holdings, Inc. | | | | | | | | |
| Revenue | 628,798 | | | 665,573 | | | | |
| EBITDA | 246,964 | | | 258,726 | | | | |
| EBITDA - Capital expenditures | 183,462 | | | | | | | |
| Market capitalization | 1,434,190 | | | 2,774,282 | | | | |
| Debt | 289,000 | | | 288,387 | | | | |
| Enterprise value | 1,703,190 | | | 3,060,679 | | | | |
| Equity percent | 84% | | | 91% | | | | |
| Debt percent | 16% | | | 9% | | | | |
| Multiple | | | | | | | | |
| EV/Revenue | 2.70 | 3.82 | | 4.60 | | | | |
| EV/EBITDA | 6.90 | 9.79 | | 11.78 | | | | |
| EV/EBITDA - Capital expenditures | 9.28 | 12.69 | | | | | | |
| Opticon Care, Inc. | | | | | | | | |
| Revenue | 124,191 | | | 132,834 | 124,191 | 132,834 | 154,283 | 171,161 |
| EBITDA | 13,809 | | | 14,594 | 13,809 | 14,594 | 17,868 | 18,539 |
| EBITDA - Capital expenditures | 12,094 | | | | | | | |
| Market capitalization | 65,316 | | | 76,162 | 85,316 | 76,162 | 189,384 | 107,575 |
| Debt | 12,493 | | | 16,323 | 12,493 | 16,323 | 18,643 | 27,522 |
| Enterprise value | 77,809 | | | 92,485 | 77,809 | 92,485 | 218,027 | 215,097 |
| Equity percent | 84% | | | 82% | 84% | 82% | 91% | 87% |
| Debt percent | 16% | | | 18% | 16% | 18% | 9% | 13% |
| Multiple | | | | | | | | |
| EV/Revenue | 0.63 | 0.76 | | 0.70 | 0.63 | 0.70 | 1.41 | 1.28 |
| EV/EBITDA | 5.63 | 6.88 | | 6.34 | 5.63 | 6.34 | 12.76 | 11.60 |
| EV/EBITDA - Capital expenditures | 6.03 | 7.37 | | | | | | |

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Comparable Market Analysis - Calculation of Multiples

| | Charin 7/00 July 31, 2000 | Charin 12/00 December 4, 2000 | UBS 12/00 December 11, 2000 | D&T 12/00 December 14, 2000 | Goldin 7/00 July 31, 2000 | Goldin 12/00 December 14, 2000 | Goldin 6/01 June 15, 2001 | Goldin 8/01 August 31, 2001 |
|-------------------------------------|------------------------------|----------------------------------|--------------------------------|--------------------------------|------------------------------|-----------------------------------|------------------------------|--------------------------------|
| Pediatric Services, Inc. | | | | | | | | |
| Revenue | | | 181,588 | | | | | |
| EBITDA | | | 9,368 | | | | | |
| Market capitalization | | | 28,982 | | | | | |
| Debt | | | 24,503 | | | | | |
| Enterprise value | | | 54,485 | | | | | |
| Equity percent | | | 55% | | | | | |
| Debt percent | | | 45% | | | | | |
| Multiple | | | 0.30 | | | | | |
| EV/Revenue | | | 5.81 | | | | | |
| EV/EBITDA | | | | | | | | |
| US Oncology, Inc. | | | | | | | | |
| Revenue | | | 1,257,844 | | | | | |
| EBITDA | | | 176,008 | | | | | |
| Market capitalization | | | 483,421 | | | | | |
| Debt | | | 305,187 | | | | | |
| Enterprise value | | | 788,608 | | | | | |
| Equity percent | | | 82% | | | | | |
| Debt percent | | | 35% | | | | | |
| Multiple | | | 0.63 | | | | | |
| EV/Revenue | | | 4.54 | | | | | |
| EV/EBITDA | | | | | | | | |
| Calculation of Multiples: | | | | | | | | |
| EV/Revenue | 0.78 | 1.09 | | 0.83 | 0.51 | 0.64 | 0.89 | 0.94 |
| EV/EBITDA | 5.71 | 6.51 | 6.00 | 7.70 | 5.50 | 6.58 | 8.89 | 8.73 |
| EV/EBITDA less Capital expenditures | 7.41 | 7.43 | | | | | | |

(GA derived its multiple by weighting the individual comparables according to their relative percentages of infusion revenue.)

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Appendix 4:
Comparable Market Analysis - Application of Multiples - Valuation

| | Charlin 7/00 July 31, 2000 | Charlin 12/00 December 4, 2000 | UBS 12/00 (1) December 11, 2000 | D&T 12/00 (2) December 14, 2000 | Goldin 7/00 (3) July 31, 2000 | Goldin 12/00 (3) December 14, 2000 | Goldin 6/01 June 15, 2001 | Goldin 8/01 August 31, 2001 |
|---|-------------------------------|-----------------------------------|------------------------------------|------------------------------------|----------------------------------|---------------------------------------|------------------------------|--------------------------------|
| Coram Revenue | 446,755 | 401,118 | | 401,749 | 446,755 | 401,118 | 401,000 | 401,000 |
| Coram EBITDA | 33,589 | 27,193 | 33,581 | 35,841 | 43,689 | 39,293 | 28,748 | 28,436 |
| Coram EBITDA less Capital expenditures | 24,428 | 23,193 | | | | | | |
| EV/Revenue multiple | 0.78 | 1.09 | | 0.63 | 0.51 | 0.64 | 0.99 | 0.94 |
| EV/EBITDA multiple | 5.71 | 6.51 | 8.00 | 7.70 | 5.50 | 6.59 | 8.89 | 8.73 |
| EV/EBITDA less Capital expenditures multiple | 7.41 | 7.43 | | | | | | |
| Valuation: Revenue by EV/Revenue multiple | 346,489 | 437,220 | 201,489 | 348,304 | 227,116 | 255,604 | 396,312 | 375,242 |
| Valuation: EBITDA by EV/EBITDA multiple | 197,793 | 177,926 | | 287,287 | 251,444 | 257,940 | 255,555 | 246,225 |
| Valuation: EBITDA less Capex by EV/EBITDA less Capex multiple | 191,011 | 172,324 | | | | | | |

(1) UBS Warburg calculated values varying "normalized" MIP from 4 - 8 million and the EV/EBITDA multiple from 5 - 7 times. The range of values resulting was 157,907 to 246,089.

(2) D&T added 12,652 of excess cash in their valuation calculation.

(3) Goldin normalized MIP at 5.5% of branch operating income.

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Appendix 5
Comparable Transaction Analysis - Selection of Comparables

| Transaction Date | Charlin 7/00 July 31, 2000 | Charlin 12/00 December 4, 2000 | UBS 12/00 December 11, 2000 | D&T 12/00 December 14, 2000 | Goldin 7/00 July 31, 2000 | Goldin 12/00 December 14, 2000 | Goldin 5/01 June 15, 2001 | Goldin 8/01 August 31, 2001 |
|--|-------------------------------|-----------------------------------|--------------------------------|--------------------------------|------------------------------|-----------------------------------|------------------------------|--------------------------------|
| Targis by Acquirer | 8/4/2000 | | | | | | | |
| American Disease Management by MIM Corporation | 12/20/1999 | X | | X | X | X | X | X |
| Community Care by Landauer Hospital | 12/7/1999 | X | | | | | | |
| EMSA Government Service by Amadys Service | 3/2/1995 | | X | | | | | |
| Homedco by Abbot Healthcare (created Aptis) | 8/4/1998 | X | X | X | X | X | X | X |
| Housecall Medical by Sunbelt Home | 2/1/1998 | | | X | X | X | | |
| Infusion Solutions by Amadys | 8/13/2000 | X | X | | | | | |
| In Home Health by Manor Care | 7/7/1997 | | X | | | | | |
| ProTech Medical by Integrated Health Services | 6/28/2000 | | | X | X | | X | X |
| United Medical by Linicare Holdings | 3/15/2001 | | | | | | X | X |
| Interwest Home Medical by Prestar | | | | | | | | |

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Appendix 6
Comparable Transaction Analysis - Calculation of Multiples

| | Chantix 7/00 July 31, 2000 | Chantix 12/00 December 4, 2000 | UBS 12/00 December 11, 2000 | D&T 12/00 December 14, 2000 | Goldin 7/00 July 31, 2000 | Goldin 12/00 December 14, 2000 | Goldin 6/01 June 15, 2001 | Goldin 8/01 August 31, 2001 |
|---|-------------------------------|-----------------------------------|--------------------------------|--------------------------------|------------------------------|-----------------------------------|------------------------------|--------------------------------|
| Target by Acquirer American Disease Management by MIM Corporation EV/Revenue EV/EBITDA | | 1.51 5.00 | | | 1.51 5.00 | 1.51 5.00 | 1.51 5.00 | 1.51 5.00 |
| Community Care by Landauer Hospital EV/Revenue EV/EBITDA | | | | | 0.74 6.10 | 0.74 6.10 | 0.74 6.10 | 0.74 6.10 |
| EMSA Government Services by America Service EV/Revenue EV/EBITDA | 0.50 | 0.50 | | | | | | |
| Homedco by Abbey Healthcare EV/Revenue EV/EBITDA | | | 0.80 | | | | | |
| Houscall Medical by Sunbelt Home EV/Revenue EV/EBITDA | 0.28 13.05 | 0.28 13.06 | 15.70 | | 0.28 13.06 | 0.28 13.06 | 0.28 13.06 | 0.28 13.06 |
| Inclusion Solutions by Amadisys EV/Revenue EV/EBITDA | | | | | 1.02 | 1.02 | 1.02 | 1.02 |
| In Home Health by Manor Care EV/Revenue EV/EBITDA | 0.41 6.88 | 0.41 6.88 | 5.10 | | | | | |
| RoTech Medical by Integrated Health Services EV/Revenue EV/EBITDA | | | 8.20 | | | | | |
| United Medical by Lincare Holdings EV/Revenue EV/EBITDA | | | | | 2.02 | 2.02 | 2.02 | 2.02 |
| Interwest Home Medical by Praxair EV/Revenue EV/EBITDA | | | | | | | | |
| EV/Revenue Multiple EV/EBITDA Multiple | 0.41 9.97 | 0.45 6.88 | 6.50 | | 0.74 6.10 | 1.02 6.10 | 1.21 5.55 | 1.21 5.55 |

(GA derived its multiple by taking the median of the comps.)

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Appendix T
Comparable Transaction Analysis - Application of Multiples

| | Charlin 7/00 July 31, 2000 | Charlin 12/00 December 4, 2000 | UBS 12/00 (1) December 11, 2000 | D&T 12/00 (2) December 14, 2000 | Goldin 7/00 (3) July 31, 2000 | Goldin 12/00 (3) December 14, 2000 | Goldin 6/01 June 15, 2001 | Goldin 8/01 August 31, 2001 |
|---|-------------------------------|-----------------------------------|------------------------------------|------------------------------------|----------------------------------|---------------------------------------|------------------------------|--------------------------------|
| Coram Revenue | 446,755 | 401,119 | 33,581 | 401,749 | 446,755 | 401,119 | 401,000 | 401,000 |
| Coram EBITDA | 33,589 | 27,193 | 6.60 | 35,641 | 45,888 | 39,203 | 28,746 | 28,438 |
| EV/Revenue Multiple | 0.41 | 0.45 | 6.60 | 0.74 | 1.02 | 1.02 | 1.21 | 1.21 |
| EV/EBITDA Multiple | 9.87 | 9.88 | 6.60 | 8.10 | 6.10 | 6.10 | 5.55 | 5.55 |
| Valuation: Revenue by EV/Revenue multiple | 183,170 | 182,249 | 218,278 | 310,148 | 455,890 | 409,141 | 485,210 | 485,210 |
| Valuation: EBITDA by EV/EBITDA multiple | 334,882 | 187,098 | 218,278 | 230,282 | 278,703 | 239,887 | 159,542 | 157,817 |

(1) UBS Warburg calculated values varying "normalized" MIP from 4 - 8 million and the EV/EBITDA multiple from 5.5 - 7.5 times. The range of values resulting was 173,697 to 288,860.

(2) D&T added 12,852 of excess cash in their valuation calculation.

(3) Goldin normalized MIP at 5.5% of branch operating income.

**Coram Healthcare
Appendix 8
Projection**

| | Restated | | | Estimated | | Projected | | |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Gross revenue | 1,122,911 | 1,227,531 | 1,102,972 | 1,030,513 | 1,082,068 | 1,109,742 | 1,142,318 | 1,182,727 |
| less: contractual allowance | 726,242 | 794,708 | 702,371 | 629,513 | 661,007 | 677,912 | 697,812 | 722,497 |
| Net revenue | 231,453 | 259,754 | 263,092 | 270,983 | 291,044 | 301,812 | 314,489 | 330,213 |
| Core therapies | 165,216 | 173,070 | 137,509 | 130,017 | 130,017 | 130,017 | 130,017 | 130,017 |
| Non-core therapies and all other | 396,669 | 432,824 | 400,601 | 401,000 | 421,061 | 431,830 | 444,506 | 460,230 |
| Total net revenue | | | | | 5.0% | 2.6% | 2.9% | 3.5% |
| Growth rate | | | | | | | | |
| Cost of drugs and supplies | 68,747 | 96,995 | 97,004 | 99,395 | 103,847 | 105,924 | 108,043 | 110,204 |
| Core therapies | 80,126 | 88,677 | 65,729 | 63,411 | 65,314 | 66,620 | 67,952 | 69,311 |
| Non-core therapies and all other | 148,873 | 165,672 | 162,813 | 162,805 | 169,161 | 172,544 | 175,995 | 179,515 |
| Total cost of drugs and supplies | 37.5% | 42.9% | 40.6% | 40.6% | 40.2% | 40.0% | 39.6% | 39.0% |
| Percent of net revenue | | | | | | | | |
| Standard margin | 247,796 | 247,152 | 237,788 | 238,194 | 251,900 | 259,285 | 268,511 | 280,715 |
| Percent of net revenue | 62.5% | 57.1% | 59.4% | 59.4% | 59.8% | 60.0% | 60.4% | 61.0% |
| Clinical services expense | 127,827 | 138,089 | 118,629 | 119,442 | 121,031 | 124,287 | 126,753 | 129,288 |
| Salaries and general | 6,052 | 5,359 | 5,170 | 5,670 | 5,670 | 5,670 | 5,670 | 5,670 |
| Depreciation and amortization | | | | | | | | |
| Gross margin | 114,117 | 103,704 | 113,989 | 113,082 | 124,399 | 129,348 | 136,088 | 145,757 |
| Percent of net revenue | 28.8% | 24.0% | 28.5% | 28.2% | 29.5% | 30.0% | 30.6% | 31.7% |
| Branch expenditures | 42,412 | 45,262 | 40,708 | 44,044 | 44,925 | 45,823 | 46,740 | 47,675 |
| Salaries and general | 14,488 | 26,927 | 8,991 | 12,832 | 13,474 | 13,819 | 14,224 | 14,727 |
| Provision for uncollectibles | 2,684 | 2,477 | 2,091 | 2,116 | 2,116 | 2,116 | 2,116 | 2,116 |
| Depreciation and amortization | | | | | | | | |
| Branch margin | 54,533 | 28,038 | 62,199 | 54,090 | 63,884 | 67,590 | 73,008 | 81,239 |
| Percent of net revenue | 13.7% | 6.7% | 15.5% | 13.5% | 15.2% | 15.7% | 16.4% | 17.7% |
| Corporate expenditures | 35,599 | 35,791 | 24,972 | 31,087 | 31,709 | 32,343 | 32,990 | 33,650 |
| Salaries and general | | | 13,630 | 2,975 | 3,514 | 3,717 | 4,015 | 4,468 |
| Management incentive plan | | | 12,717 | 12,544 | 14,217 | 17,200 | 20,182 | 23,165 |
| Depreciation and amortization | | | | | | | | |
| EBIT | 4,561 | (19,940) | 10,880 | 7,484 | 14,445 | 14,330 | 15,820 | 19,957 |
| Percent of net revenue | 1.1% | -4.6% | 2.7% | 1.9% | 3.4% | 3.3% | 3.6% | 4.3% |
| EBITDA | 26,670 | 1,083 | 30,858 | 27,814 | 36,440 | 39,316 | 43,789 | 50,908 |
| Percent of net revenue | 6.7% | 0.3% | 7.7% | 6.9% | 8.7% | 9.1% | 9.9% | 11.1% |

Coram Healthcare
Appendix 9
Weighted Average Cost of Capital

| | Chanin 7/00 July 31, 2000 | Chanin 12/00 December 4, 2000 | UBS 12/00 December 11, 2000 | D&T 12/00 December 14, 2000 | Goldin 7/00 July 31, 2000 | Goldin 12/00 December 14, 2000 | Goldin 6/01 June 15, 2001 | Goldin 8/01 August 31, 2001 |
|-------------------------|------------------------------|----------------------------------|--------------------------------|--------------------------------|------------------------------|-----------------------------------|------------------------------|--------------------------------|
| Pretax cost of debt (a) | 8.6% | | 11.5% | 8.9% | 10.5% | 9.5% | 7.8% | 7.3% |
| Assumed tax rate | 40% | | 40% | 40% | 40% | 40% | 40% | 40% |
| After tax cost of debt | 5.2% | | 6.9% | 5.3% | 6.3% | 5.7% | 4.7% | 4.4% |
| Cost of equity | | | | | | | | |
| Risk free rate (b) | 6.3% | | 5.7% | 5.6% | 6.3% | 6.0% | 5.9% | 5.5% |
| Beta (c) | 1.40 | | 1.00 | 1.05 | 1.40 | 1.15 | 1.15 | 1.15 |
| Equity risk premium (d) | 8.1% | | 12.7% | 8.1% | 8.1% | 8.1% | 8.1% | 8.1% |
| Company specific risk | | | | 2.0% | 2.2% | 2.2% | 2.2% | 2.2% |
| Size risk premium (e) | 2.2% | | | 2.2% | 6.0% | 5.0% | 4.0% | 4.0% |
| Turnaround premium | 6.0% | | | | | | | |
| Cost of equity | 25.8% | | 18.4% | 18.3% | 25.8% | 22.5% | 21.4% | 21.0% |
| Debt percent | 27.3% | | 38.3% | 20.1% | 20.0% | 20.0% | 20.0% | 20.0% |
| Equity percent | 72.7% | | 61.7% | 79.9% | 80.0% | 80.0% | 80.0% | 80.0% |
| WACC | 20.2% | 21.8% | 14.0% | 15.7% | 21.9% | 19.1% | 18.1% | 17.7% |

Footnotes:

- (a) LIBOR plus 350 basis points (Goldin)
 (b) 20-year Treasury yield
 (c) Ibbotson Associates (Chanin); the average of the Advisors (Goldin)
 (d) Ibbotson Associates
 (e) Ibbotson Associates

Coram Healthcare
Appendix 10
Discounted Cashflow Analysis

| | 2001 | 2002 | 2003 | 2004 |
|---|---------|--------|--------|---------|
| <u>Chianin 7/00 *</u> | | | | |
| EBIT | 19,557 | 26,851 | 32,616 | 33,281 |
| Non-deductible amortization | 7,600 | 7,600 | 7,600 | 7,600 |
| EBITA | 27,157 | 34,451 | 40,216 | 40,881 |
| Taxes @ 40% | 10,863 | 13,780 | 16,086 | 16,352 |
| Operating profit after taxes | 16,294 | 20,671 | 24,130 | 24,529 |
| Deductible depreciation and amortization | 17,558 | 16,443 | 11,698 | 12,098 |
| Capital expenditures | 11,098 | 8,529 | 8,709 | 8,896 |
| Change in working capital | 24,715 | 7,163 | 3,030 | 1,781 |
| Free Cash Flow | (1,961) | 21,422 | 24,089 | 25,950 |
| Weighted average cost of capital | 20.2% | 20.2% | 20.2% | 20.2% |
| Discounted free cash flow @ WACC, mid-year convention | | | | |
| Terminal value @ EBITDA - Cap ex multiple | (1,788) | 16,255 | 15,207 | 13,629 |
| PV factor at end of year | | | | 325,714 |
| PV of terminal value (end of year) | | | | 0.48 |
| | | | | 156,513 |
| Total cash flows | (1,788) | 16,255 | 15,207 | 170,142 |
| Sum of cash flows | | | | |

200,000

| | 2001 | 2002 | 2003 | 2004 |
|---|---------|--------|--------|---------|
| <u>GA revision to Chianin 7/00 *</u> | | | | |
| EBIT | 19,583 | 26,982 | 32,872 | 33,737 |
| Non-deductible amortization | 7,600 | 7,600 | 7,600 | 7,600 |
| EBITA | 27,183 | 34,582 | 40,472 | 41,337 |
| Taxes @ 40% | 10,873 | 13,833 | 16,189 | 16,535 |
| Operating profit after taxes | 16,310 | 20,749 | 24,283 | 24,802 |
| Deductible depreciation and amortization | 17,558 | 16,443 | 11,698 | 12,098 |
| Capital expenditures | 11,098 | 8,529 | 8,709 | 8,896 |
| Change in working capital | 24,715 | 7,163 | 3,030 | 1,781 |
| Free Cash Flow | (1,945) | 21,500 | 24,242 | 26,223 |
| Weighted average cost of capital | 21.9% | 21.9% | 21.9% | 21.9% |
| Discounted free cash flow @ WACC, mid-year convention | | | | |
| Terminal value @ EBITDA multiple | (1,762) | 15,975 | 14,776 | 13,112 |
| PV factor at end of year | | | | 310,016 |
| PV of terminal value (end of year) | | | | 0.45 |
| | | | | 140,400 |
| Total cash flows | (1,762) | 15,975 | 14,776 | 153,513 |
| Sum of cash flows | | | | |

182,502

* These calculate Coram's enterprise value as of the end of 2000. Goldin determined that adjusting its calculation to 7/31/00, after taking into account estimated free cash flow for the balance of 2000, would not make a material difference.

Coram Health
Appendix 10
Discounted Cashflow Analysis

| | 2001 | 2002 | 2003 | 2004 |
|---|---------|--------|--------|---------|
| <u>Charlin 12/00</u> | | | | |
| EBIT | 25,519 | 29,162 | 28,492 | 29,019 |
| Non-deductible amortization | 6,536 | 6,536 | 6,536 | 6,536 |
| Net operating losses | 2,000 | 2,000 | 2,000 | 2,000 |
| EBITDA | 30,085 | 33,698 | 33,026 | 33,555 |
| Taxes @ 40% | 12,034 | 13,479 | 13,211 | 13,422 |
| Operating profit after taxes | 18,051 | 20,219 | 19,817 | 20,133 |
| Net operating loss addback | 2,000 | 2,000 | 2,000 | 2,000 |
| Deductible depreciation and amortization | 4,226 | 6,346 | 7,706 | 8,406 |
| Capital expenditures | 11,100 | 10,100 | 3,500 | 3,500 |
| Change in working capital | 9,173 | 4,144 | 2,590 | 2,755 |
| Free Cash Flow | 4,004 | 14,321 | 23,433 | 24,284 |
| Weighted average cost of capital | 21.8% | 21.8% | 21.8% | 21.8% |
| Discounted free cash flow @ WACC, mid-year convention | 3,628 | 10,654 | 14,312 | 12,177 |
| Terminal value @ EBITDA - Cap ex multiple | | | | 298,202 |
| PV factor at end of year | | | | 0.45 |
| PV of terminal value (end of year) | | | | 135,494 |
| Total cash flows | 3,628 | 10,654 | 14,312 | 147,672 |
| Sum of cash flows | 176,486 | | | |

| | 2001 | 2002 | 2003 | 2004 |
|---|---------|--------|--------|---------|
| <u>GA revision to Charlin 12/00</u> | | | | |
| EBIT | 25,593 | 29,305 | 28,715 | 29,417 |
| Non-deductible amortization | 6,536 | 6,536 | 6,536 | 6,536 |
| Net operating losses | 2,000 | 2,000 | 2,000 | 2,000 |
| EBITDA | 30,119 | 33,841 | 33,251 | 33,953 |
| Taxes @ 40% | 12,048 | 13,536 | 13,300 | 13,581 |
| Operating profit after taxes | 18,071 | 20,304 | 19,951 | 20,372 |
| Net operating loss addback | 2,000 | 2,000 | 2,000 | 2,000 |
| Deductible depreciation and amortization | 4,226 | 6,346 | 7,706 | 8,406 |
| Capital expenditures | 11,100 | 10,100 | 3,500 | 3,500 |
| Change in working capital | 9,173 | 4,144 | 2,590 | 2,755 |
| Free Cash Flow | 4,024 | 14,406 | 23,567 | 24,523 |
| Weighted average cost of capital | 19.1% | 19.1% | 19.1% | 19.1% |
| Discounted free cash flow @ WACC, mid-year convention | 3,668 | 11,084 | 15,224 | 13,301 |
| Terminal value @ EBITDA multiple | | | | 280,893 |
| PV factor at end of year | | | | 0.50 |
| PV of terminal value (end of year) | | | | 139,603 |
| Total of cash flows | 3,668 | 11,084 | 15,224 | 152,903 |
| Sum of cash flows | 182,899 | | | |

**Coram Healthcare
Appendix 10
Discounted Cashflow Analysis**

| UBS 12/00 | 2001 | 2002 | 2003 | 2004 |
|---------------------------------------|----------|---------|---------|---------|
| Sales | 428,543 | 437,556 | 446,875 | 456,506 |
| EBITDA before MIP | 42,404 | 46,219 | 45,558 | 44,908 |
| Taxes @ 40% | 16,962 | 10,488 | 18,223 | 17,963 |
| NOPAT | 25,442 | 27,731 | 27,335 | 26,945 |
| Depreciation | 4,226 | 6,189 | 7,913 | 9,673 |
| Capital expenditures | (11,098) | (8,529) | (8,709) | (8,896) |
| Increase in debt free working capital | (15,687) | (4,486) | (2,945) | (3,047) |
| Payments on disputed income taxes | (2,088) | (2,088) | (2,088) | (2,088) |
| Estimated free cash flow before MIP | 795 | 18,817 | 21,506 | 22,587 |
| Terminal EBITDA before MIP | | | | 54,581 |
| Enterprise value | | | | |

(UBS assumed a range of discount rates from 14% to 18% and varying MIP levels from 4 to 6 million. These assumptions produced a range of enterprise values from 168,194 to 214,630)

UBS assumed a range of discount rates from 14% to 18% and varying MIP levels from 4 to 6 million. These assumptions produced a range of enterprise values from 168,194 to 214,630)

| | 2001 | 2002 | 2003 | 2004 |
|---------------------------------------|---|---------|---------|---------|
| D&T 12/00 Revenue | 421,836 | 442,928 | 465,075 | 488,328 |
| EBITDA | 37,099 | 45,071 | 48,143 | 51,880 |
| * Free cash flow (FCF) | 3,754 | 16,485 | 26,718 | 29,217 |
| Net present value of FCF | 3,490 | 13,241 | 18,543 | 17,522 |
| Terminal value | | | | 401,808 |
| Net present value of total cash flows | 3,490 | 13,241 | 18,543 | 17,522 |
| Enterprise Value | 276,795 | | | |

Coram Healthcare
Appendix 10
Discounted Cashflow Analysis - Goldin as of August 31, 2001

| | Restated | | Estimated | | Projected | | | |
|--|----------|----------|-----------|--------|------------------|--------|--------|--------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| EBIT | 4,561 | (19,940) | 10,880 | 7,484 | 14,445 | 14,330 | 15,820 | 19,957 |
| Non-deductible amortization | 7,200 | 7,200 | 7,200 | 7,200 | 7,200 | 7,200 | 7,200 | 7,200 |
| EBITA | 11,761 | (12,740) | 18,080 | 14,684 | 21,645 | 21,530 | 23,020 | 27,157 |
| Taxes @ 40% | 4,704 | (5,096) | 7,232 | 5,874 | 8,658 | 8,612 | 9,208 | 10,863 |
| Operating profit after taxes | 7,057 | (7,644) | 10,848 | 8,810 | 12,987 | 12,918 | 13,812 | 16,294 |
| Deductible depreciation and amortization | 14,909 | 13,823 | 12,778 | 13,130 | 14,803 | 17,786 | 20,768 | 23,751 |
| Capital expenditures | 10,997 | 5,303 | 3,272 | 11,844 | 10,025 | 3,478 | 3,478 | 3,478 |
| Change in working capital | - | - | - | 80 | 4,012 | 2,154 | 2,535 | 3,145 |
| Unlevered free cash flow | 10,969 | 876 | 20,354 | 10,017 | 13,753 | 25,072 | 28,567 | 33,422 |
| WACC | 17.7% | | | | | | | |
| Discounted unlevered free cash flow @ WACC | | | | | 12,005 | 18,592 | 17,996 | 17,885 |
| EBITDA | | | | | | | | |
| Terminal multiple | | | | | 50,908 | | | |
| Terminal value | | | | | 7.14 | | | |
| | | | | | 363,465 | | | |
| Present value of terminal value | | | | | 179,269 | | | |
| | | | | | 245,747 | | | |
| | | | | | Enterprise value | | | |

Cocam Healthcare
Appendix 11
Valuation Methodology - Summary

| | Chaplin 7/00 July 31, 2000 | | | | | Chaplin 12/00 December 4, 2000 | | | | | Dec. 11, 2000 December 14, 2000 | | | | | December 14, 2000 | | | | | |
|---------------------------|-------------------------------|---------|---------|--------|---------------------|-----------------------------------|---------|---------|--------|---------------------|------------------------------------|---------|---------|---------|---------------------|---------------------|---------|--------|---------|---------------------|---------|
| | Comparable Multiple | Basic | EV | Weight | Weighted Average EV | Comparable Multiple | Basic | EV | Weight | Weighted Average EV | Comparable Multiple | Basic | EV | Weight | Weighted Average EV | Comparable Multiple | Basic | EV | Weight | Weighted Average EV | |
| Valuation Methodology | | | | | | | | | | | | | | | | | | | | | |
| Public company comparable | 9.16 | 446,155 | 342,448 | 5.0% | 17,423 | 1.05 | 420,119 | 417,238 | 5.0% | 21,063 | 157,807 | 249,008 | 157,807 | 249,008 | 157,807 | 0.81 | 401,749 | 12,652 | 246,204 | 10.0% | 24,620 |
| EV/EBITDA | 5.71 | 32,509 | 10,111 | 20.0% | 3,308 | 6.51 | 21,093 | 17,093 | 25.0% | 5,273 | 17,807 | 249,008 | 17,807 | 249,008 | 17,807 | 1.20 | 35,941 | 12,652 | 246,204 | 28.0% | 71,822 |
| EV/EBITDA - Cap ex | 7.41 | 24,429 | 10,011 | 25.0% | 4,523 | 7.43 | 21,093 | 17,093 | 25.0% | 5,273 | 17,807 | 249,008 | 17,807 | 249,008 | 17,807 | 0.74 | 401,749 | 12,652 | 246,204 | 10.0% | 24,620 |
| Comparable transaction | 9.41 | 446,155 | 183,170 | 5.0% | 6,159 | 0.45 | 401,119 | 182,749 | 5.0% | 8,112 | 17,807 | 249,008 | 17,807 | 249,008 | 17,807 | 0.74 | 401,749 | 12,652 | 246,204 | 10.0% | 24,620 |
| EV/EBITDA | 9.97 | 32,509 | 34,484 | 5.0% | 16,244 | 8.68 | 21,093 | 17,093 | 5.0% | 10,535 | 17,807 | 249,008 | 17,807 | 249,008 | 17,807 | 0.10 | 35,941 | 12,652 | 246,204 | 40.0% | 110,218 |
| Discounted cash flow | | 200,000 | | 40.0% | 80,000 | | 176,448 | | 40.0% | 70,582 | | 157,807 | | 40.0% | 70,582 | | 278,748 | | | | 211,000 |
| | | | | | 306,333 | | | | | 192,381 | | | | | 211,000 | | | | | | 211,000 |

| | Goldin 7/00 July 31, 2000 | | | | | Goldin 12/00 December 14, 2000 | | | | | Goldin 8/01 August 31, 2001 | | | | |
|---------------------------|------------------------------|---------|---------|--------|---------------------|-----------------------------------|---------|---------|--------|---------------------|--------------------------------|---------|---------|--------|---------------------|
| | Comparable Multiple | Basic | EV | Weight | Weighted Average EV | Comparable Multiple | Basic | EV | Weight | Weighted Average EV | Comparable Multiple | Basic | EV | Weight | Weighted Average EV |
| Valuation Methodology | | | | | | | | | | | | | | | |
| Public company comparable | 9.51 | 446,155 | 227,116 | 5.0% | 11,359 | 0.84 | 421,119 | 255,004 | 5.0% | 21,063 | 0.84 | 401,000 | 215,242 | 5.0% | 21,524 |
| EV/EBITDA | 5.50 | 45,889 | 284,444 | 10.0% | 25,144 | 0.58 | 31,123 | 287,843 | 10.0% | 23,704 | 0.58 | 31,123 | 287,843 | 10.0% | 23,704 |
| Comparable transaction | 1.02 | 446,155 | 456,800 | 5.0% | 22,785 | 1.02 | 401,119 | 400,141 | 5.0% | 20,457 | 1.21 | 401,000 | 485,210 | 5.0% | 24,261 |
| EV/EBITDA | 8.10 | 45,889 | 284,444 | 20.0% | 55,741 | 8.10 | 31,123 | 287,843 | 20.0% | 61,437 | 8.55 | 31,123 | 287,843 | 20.0% | 61,437 |
| Discounted cash flow | | 192,002 | | 80.0% | 153,501 | | 182,869 | | 80.0% | 146,732 | | 224,748 | | 80.0% | 182,002 |
| | | | | | 227,327 | | | | | 218,704 | | 244,543 | | | 244,543 |

The sensitivity analysis on the left below weights the DCF result most heavily, and the analysis on the right weights the various results as DCF did.

| Valuation Methodology | August 31, 2001 | | | | | August 31, 2001 | | | | | August 31, 2001 | | | | |
|----------------------------------|---------------------|---------|---------|--------|---------------------|---------------------|---------|---------|--------|---------------------|---------------------|---------|---------|--------|---------------------|
| | Comparable Multiple | Basic | EV | Weight | Weighted Average EV | Comparable Multiple | Basic | EV | Weight | Weighted Average EV | Comparable Multiple | Basic | EV | Weight | Weighted Average EV |
| Public company comparable | 9.64 | 401,000 | 376,242 | 5.0% | 18,762 | 0.84 | 401,000 | 376,242 | 10.0% | 37,624 | 0.84 | 401,000 | 376,242 | 10.0% | 37,624 |
| EV/EBITDA | 8.75 | 26,436 | 246,225 | 10.0% | 24,623 | 8.75 | 26,436 | 246,225 | 25.0% | 66,056 | 8.75 | 26,436 | 246,225 | 25.0% | 66,056 |
| EV/EBITDA - Capital expenditures | | | | | | | | | | | | | | | |
| Comparable transaction | 1.21 | 401,000 | 485,210 | 5.0% | 24,261 | 1.21 | 401,000 | 485,210 | 10.0% | 48,521 | 1.21 | 401,000 | 485,210 | 10.0% | 48,521 |
| EV/EBITDA | 8.55 | 24,436 | 157,817 | 10.0% | 15,782 | 8.55 | 24,436 | 157,817 | 19.0% | 33,879 | 8.55 | 24,436 | 157,817 | 19.0% | 33,879 |
| Discounted cash flow | | 245,747 | | 70.0% | 172,057 | | 245,747 | | 40.0% | 98,205 | | 245,747 | | 40.0% | 98,205 |
| | | | | | 354,835 | | | | | 210,972 | | | | | 210,972 |

Coram Healthcare

Appendix 12

Normalized 2000 EBITDA

2000
Per Company-Populated,
Adjusted by GoldIn
Infusion Only

30,858
188
13,630
44,676

Infusion EBITDA
Additional Infusion income - joint ventures and minority interest
MIP

12,819
8,991
3,451 (377)

Normal 3.2% Reserve for Uncollectibles
Amount deducted - current period
Amount reversed - prior periods

(9,039)
(143)
(4,639)
2,000

Adjustments to Operating expenses
Additional adjustments affecting Infusion EBITDA - Operating
Adjustments to Corporate expenses
Adjustments not affecting Infusion EBITDA - Corporate

32,478
3,421

Normalized Pre-MIP
MIP @ 5.5% of Branch EBITDA

29,057

Post-MIP EBITDA

January 24, 2002

To: Mr. Bob Gaddigan

Re: Contract with Cerberus

Dear Bob,

Steve asked me to provide you with a list of the various deals I work on last year for Cerberus. Here's the list:

| | |
|--------------------|-------------------------------|
| Curative | Advised Kevin Genda |
| Hanger Orthopedics | Advised Kevin Genda |
| MaxiCare | Advised Kevin Genda |
| NCSS Pharmacy | Advised Bob Davenport |
| Pacificare Health | Advised Ron Goldstein |
| Sunstar | Advised Bill Richter/Neporent |

Winterland Advised Kevin Genda. (While Winterland was a loss, work resulted in a reduction Cerberus' investment exposure from \$44 Million to \$20 Million. Note: I was not a part of the decision to invest in Winterland, but was brought in to try to do a rescue mission).

Kindred Advised Ron Goldstein. Estimate Gain at \$40 - \$50 Million.

Sun Health Advised Ron Goldstein. Estimate Gain at \$1 Million.

PHP Advised Dan Wolf. Estimate Gain at \$1 - \$2 Million.

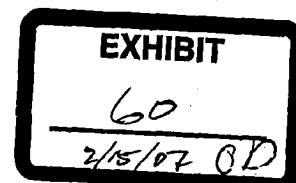
Beverly Nursing Advised Peter Locke. Estimate Gain on debt of 18% (\$13-\$14 Million/Year).

Other activities Recruiting, Advise/counsel, Locating Board Members, Assisting in fund raising, Research for Bob Davenport, Kevin Genda, Ron Goldstein, Steve Feinberg, Seth Plattus, Mark Neporent, and Bill Richter.

Please provide this information to Mr. Feinberg.

Dan Crowley

CRX 00606



FEB-21-2002 14:59

MUCH SHELIST FDA AND R

P.02/02

FEB 21 2002 13:20 FR ---

9164496059 TO 13126211750

P.02/02

January 24, 2002

To: Mr. Bob Gaddigan

Re: Contract with Cerberus

Dear Bob,

Steve asked me to provide you with a list of the various deals I work on last year for Cerberus. Here's the list:

| | |
|--------------------|-------------------------------|
| Curative | Advised Kevin Genda |
| Hanger Orthopedics | Advised Kevin Genda |
| MaxiCare | Advised Kevin Genda |
| NCSS Pharmacy | Advised Bob Davenport |
| Pacificare Health | Advised Ron Goldstein |
| Sunstar | Advised Bill Richter/Neporent |

Winterland Advised Kevin Genda. (While Winterland was a loss, work resulted in a reduction Cerberus' investment exposure from \$44 Million to \$20 Million. Note: I was not a part of the decision to invest in Winterland, but was brought in to try to do a rescue mission).

Kindred Advised Ron Goldstein. Estimate Gain at \$40 - \$50 Million.

Sun Health Advised Ron Goldstein. Estimate Gain at \$1 Million.

PHP Advised Dan Wolf. Estimate Gain at \$1 - \$2 Million.

Beverly Nursing Advised Peter Locke. Estimate Gain on debt of 18% (\$13-\$14Million/Year).

Health Plan Services Advised Dan Wolf - Gain unknown
Other activities Recruiting, Advise/counsel, Locating Board Members, Assisting in fund raising, Research for Bob Davenport, Kevin Genda, Ron Goldstein, Steve Feinberg, Seth Plattus, Mark Neporent, and Bill Richter.

Please provide this information to Mr. Feinberg.

Dan Crowley

CRX 00605

MAR 11 2002 14:26 FR ---

9164496059 TO SCHREIBER

P.02

C O R A M H E A L T H C A R E

1125 Seventeenth Street
 Suite 2100
 Denver, Colorado 80202
 303.292.4973 / 800 CORAM HC
 303.298.0043 FAX
 www.coramhealthcare.com

March 11, 2002

Honorable Judge Arlin Adams
 Trustee, Coram Healthcare Corporation
 1600 Market Street, Suite 3600
 Philadelphia, Pennsylvania 19103-7286
 Via Facsimile: 1-215-751-2416

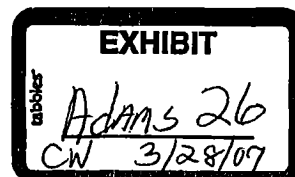
Fin

Dear Judge Adams:

Thank you for extending the courtesy of introducing yourself to me via telephone on Friday. As we discussed, there really are no immediate issues that threaten Coram's viability. Coram continues to experience positive EBITDA (although its net income is negative after the "ITDA"). Coram has a positive cash balance of \$25,928,022.02 this morning, and it is paying its bills promptly. Sales have been growing modestly for the past six (6) months. That said, the management team is fragile and, when appropriate, I would be pleased to discuss the Motion before Judge Walrath related to a Key Employee Retention Program (KERP).

Over the past two years I have communicated with Coram's Board of Directors at meetings and through periodic letters. All of these letters are available for your review along with all other pertinent communications and management reports. For your information, I am enclosing a copy of the last two (2) letters to the Board. Please let me know if you wish to receive any or all of the past letters or, for that matter, anything else prior to commencement of your investigation.

Since August 2000, when the valuation experts determined that Coram was insolvent, we have been attempting to Reorganize through Chapter 11. Despite opinions from UBS Warburg, Chanin Capital Partners, Goldin & Associates, and Deloitte that Coram was and is insolvent, Judge Walrath denied confirmation on two occasions primarily due to a continuing relationship I have had with Cerberus (one of Coram's Note Holders). Section 2 of my Coram Employment Agreement stipulates that ... the Company recognizes that executive will have other business interests and may serve as an officer or consultant to other businesses." The work I have done for Cerberus does not relate to Coram (i.e. I advised Cerberus on investments in healthcare such as Beverly Nursing Homes of Florida, Quest, Kindred Nursing Homes, Sun Healthcare Nursing Homes, Health Plan Services, MCA, PHP Health Plan, Winterland, Curative Healthcare, Hanger Orthopedics and many others. I also assisted Cerberus with Healthcare Research, locating potential Board Members, Fund Raising, and Management Team Recruitment. Coram is contractually *excluded* in my work for Cerberus).



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MAR 11 2002 14:26 FR —

9164496059 TO SCHREIBER

P.03

Page 2 of 3 Pages

Letter to Judge Adams, dated March 11, 2002

Throughout the process, we have been advised by Kasowitz, Benson, Torres, and Friedman, Chanin Capital Partners, ReedSmith, and Ernst&Young. Mr. Friedman advised me and the Board that the reason for the first denial related to a need for greater disclosure of my work for Cerberus and related compensation. At no time did Mr. Friedman or anyone else advise me to discontinue my work with Cerberus. Nor did Mr. Friedman ever suggest that Coram obtain authority for my continued employment. The most recent Plan of Reorganization was preceded by numerous disclosures of my work with Cerberus (Form 10K, 3 Form 10Qs, and the actual Plan which the Judge, the Equity Committee, and the Note Holders reviewed prior to circulation). All of these documents were reviewed and approved by the Coram Board.

After the 1st Plan was denied, Judge Walrath approved the Independent Board Members' Motion to retain Goldin & Associates to investigate the alleged conflict and the related issues. Goldin indicated in a 122-page report (a copy of which will be sent overnight) that... "there is no evidence suggesting that had he (*Crowley*) had no conflict *Crowley* would have managed Coram's operations or finances more effectively to stabilize Coram's operations and improve its financial performance, a goal shared by the Noteholders and the stockholders." Goldin also indicated in his report that they "... probed the underlying facts in this matter and sought to adduce any evidence of wrongdoing." Goldin concluded that there is ... "no such evidence, other than the finding of an actual conflict of interest by the Court" and Goldin also found... "no evidence of a proclivity to whitewash or tilt facts to vindicate Mr. Crowley."

Post petition, Coram has received two (2) clean audit opinions from Ernst & Young. The 2nd plan was exactly as recommended by Goldin & Associates who acted for the Independent Board Members as an Independent Advisor with his own Counsel. I was not a proponent in the development or offering of the 2nd Plan. However, after the 2nd Plan was denied, I formally suspended my contractual relationship with Cerberus.

Judge Adams, I realize that along with investigating the facts, that you are charged with developing another Plan of Reorganization and with the overall supervision/operation of Coram. I want you to know that you will find us to be open and honest. We welcome your presence here and are prepared to cooperate unstintingly in any process that will lead to a fair and timely resolution of this reorganization. To that end, I am willing to come to your offices or to be available for you anywhere you wish.

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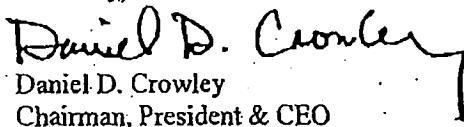
P.04

Page 3 of 3 Pages

Letter to Judge Adams, dated March 11, 2002

Your Honor, as you begin to get a sense of Coram, I think that is important for you to know that in addition to being CEO of Coram, I have acted in many other ways that principally come as a result of overseeing a fragile company and its turnaround. In 1999 Coram had an EBITDA loss of nearly \$50 Million. In 2000 Coram's EBITDA was a gain from operations of over \$37 Million. 2001 was another solid year in spite of numerous adversities. The point is that the turnaround and current viability of Coram is the result, to a significant extent, of my own dedication, intensity and immersion in the day to day operation of Coram. This commitment continues on my part to this day. Coram remains very dependent upon me which is fine because I care greatly about this Company, its management team, the 2100 Coram employees, Coram's 18000 daily patients, its customers, vendors, and investors. Accordingly, I am open to discussing with you any plan you may have or develop for operating Coram so that the firm's progress continues.

Sincerely,



Daniel D. Crowley
Chairman, President & CEO

Attachment(s)

Board Letters dated February 28th and March 5th, 2002

Cc:

B. Feldman, WilsonSonsini
D. Friedman, Kasowitz, Benson, Torres & Friedman
S. Schreiber, Much Schelist
A. Marabito, Interim General Counsel, Coram Healthcare Corporation

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MAR 11 2002 14:27 FR ---

9164496059 TO SCHREIBER

P.05

C O R A M H E A L T H C A R E

FAXED

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Suite 900
Denver, Colorado 80202
303.392.4973 / 800 CORAM LLC
303.672.8733 FAX
www.coramhc.com

February 28, 2002

Board of Directors
Coram Healthcare Corporation

Dear Fellow Board Member,

This is a brief update of the activities at Coram as a *supplement* to the discussions we had on our telephonic Board Meeting this morning

Coram's cash flow has still not fully recovered from the combination of seasonal slowdown by payers and the impact of our Billing Site consolidation effort. However, it is clear that cash collections are continuing to improve every day. (See Attachment #1). Cash in Coram's checkbook as of February 27, 2002 was \$25,154,101.54. This balance is after making payment for both Cardinal and the Directors and Officers Insurance. As is the normal situation, the balance will decline this week to reflect payroll and will recover to approximately the same level with next Monday's collection. Accounts Payable remains relatively current.

Importantly, Coram has *not taken a draw* on any revolver since November 1999.

Payroll continues to be closely controlled and for the week ending March 1, 2002 will be \$4,344,673. This compares to \$4,163,226 for the year ago week ending March 2, 2001 and to \$4,808,104 for the week ending March 3, 2000. (See Attachment #2).

Despite the uncertainty of a Trustee coming on, Sales for Coram continue to grow. Daily Sales Revenue has been up over the year ago month for September, October, November, December, January and, so far, in February. Here is the way it looks:

| | 2001 | 2002 | |
|-----------|-------------|-------------|---------------------|
| September | \$1,455,000 | \$1,525,000 | |
| October | \$1,448,000 | \$1,466,000 | |
| November | \$1,541,000 | \$1,635,000 | |
| December | \$1,619,000 | \$1,621,000 | |
| January | \$1,491,000 | \$1,575,000 | |
| February | \$1,458,000 | \$1,574,727 | (Day 19 of 21 Days) |

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Page 2 of 2 Pages

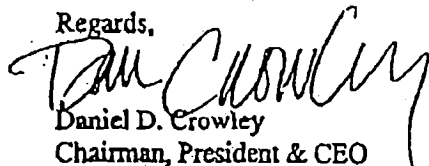
Letter Dated February 28, 2002 to Coram Healthcare Board of Directors.

Our initiative to grow Hemophilia has also continued to be successful. Through Day 19, Hemophilia is up 11% over Day 19 in January with Revenue so far of \$3,485,000 for February. Hemophilia Revenue was approximately \$28 Million in 2000 and \$37 Million in 2001. Clearly, it is *not appropriate* to annualize February and draw any conclusions about 2002. That said, Hemophilia's run rate would annualize at about \$42 Million for 2002 ($\$3,485,000 \times 12$). The point is we seem to have created the right framework to grow this product and with proper focus and attention, it may develop into a meaningful unit for Coram.

At the same time, Vancomycin continues to be a major negative issue tamping down financial performance at Coram. The impact of the unilateral price reduction taken last July 1st by Abbott continues to damage Coram's EBITDA. (See Attachment #3). With the price cuts, Coram has suffered virtually \$ for \$ EBITDA reductions (related to Vancomycin) since July 1st as follows:

| Month | Variance |
|----------------|---------------|
| June 2001 | NA |
| July 2001 | (\$1,063,310) |
| August 2001 | (\$1,084,272) |
| September 2001 | (\$ 971,774) |
| October 2001 | (\$1,151,627) |
| November 2001 | (\$1,082,684) |
| December 2001 | (\$1,076,982) |
| January 2002 | (\$1,088,647) |
| Lost - EBITDA | (\$7,519,296) |

Regards,



Daniel D. Crowley
Chairman, President & CEO

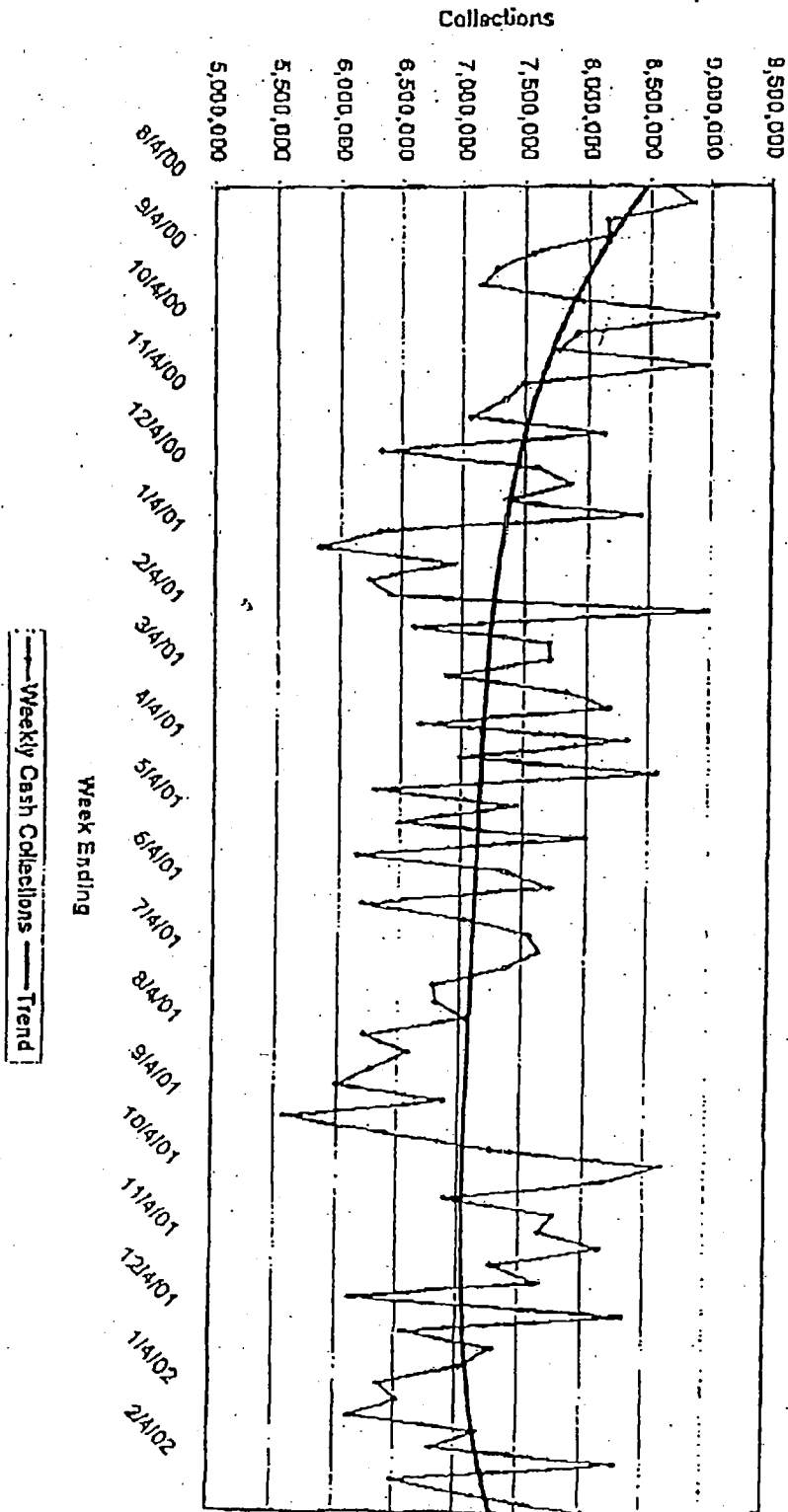
Cc: A. Marabito
B. Feldman

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P.07



Coram Healthcare Corporation
August 2000 Forward
Weekly Consolidated Cash Collections

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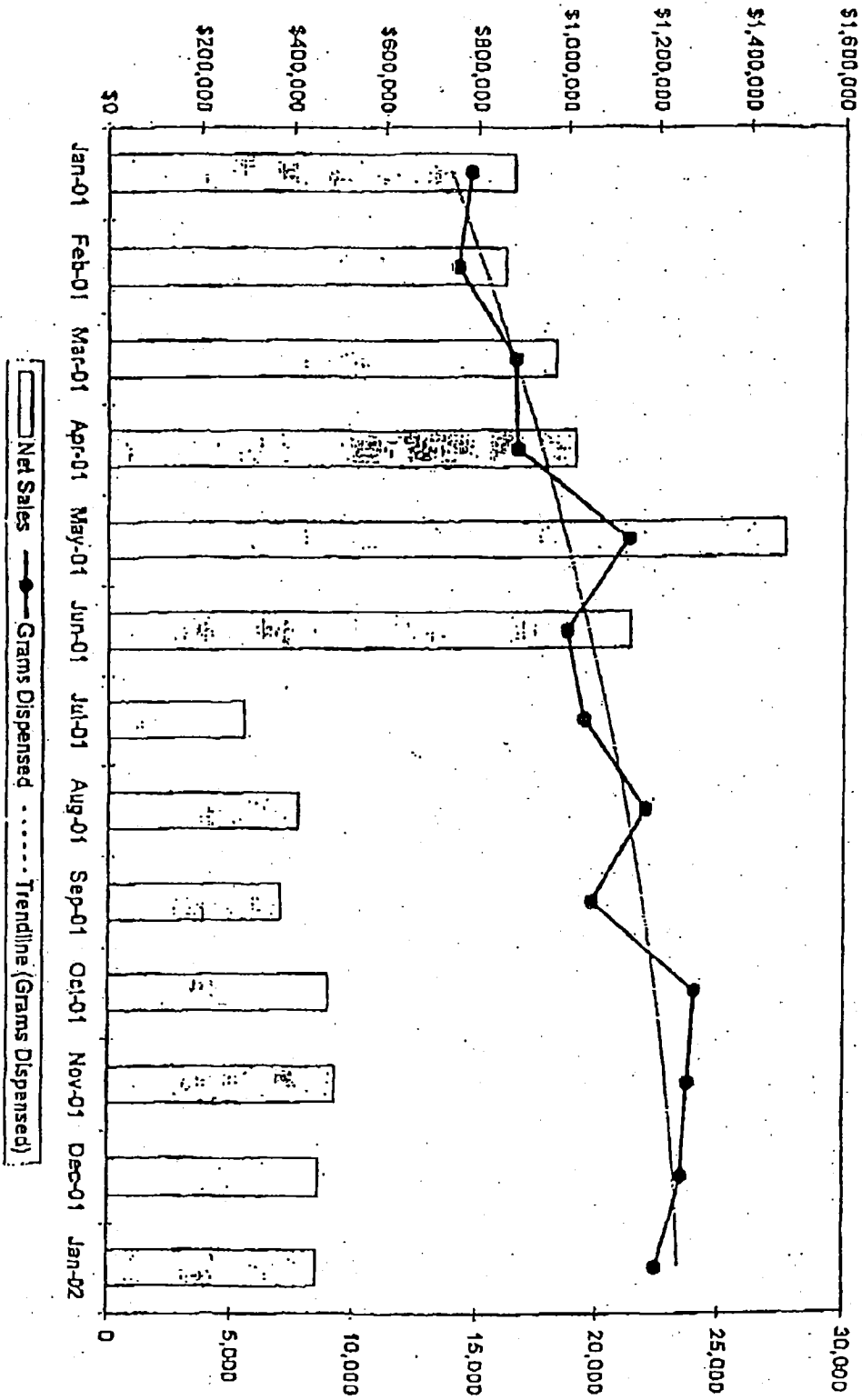
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Coram Healthcare Confidential

2/22/2002

Page 1

Vancormycin Sales & Units



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